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November 19, 2007

Ms. Ann Cole, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

HAND DELIVERY

RECEIVED-FPSC
07 NOV 19 PM 3:55
COMMISSION CLERK

Re: Docket No. 060285-SU

Dear Ms. Cole:

Enclosed for filing on behalf of Placida HG, LLP ("Placida") is an original and fifteen copies of Placida's Petition for Formal Administrative Proceedings.

Please acknowledge receipt of these documents by stamping the extra copy of this letter filed and returning the copy to me. Thank you for your assistance with this filing.

Sincerely,

Kenneth A. Hoffman

CMP ____
COM ____
CTR ____
ECR ____
GCL 1
OPC ____
RCA ____
SCR ____
SGA ____
SEC ____
OTH ____

KAH/rl
Enclosures
cc: All Parties of Record
placida\colenov1907ltr

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Utilities, Inc. of SANDALHAVEN for an increase in wastewater rates in Seminole County, Florida.	)	Docket No. 060285-SU
	)	Filed: November 19, 2007

PETITION FOR FORMAL ADMINISTRATIVE PROCEEDINGS

Placida HG, LLP ("Placida"), by and through its undersigned counsel, and pursuant to Sections 120.569 and 120.57, Florida Statutes, and Rules 25-22.029 and 28-106.201, Florida Administrative Code, petitions for an administrative hearing to protest the Florida Public Service Commission's ("Commission") Order No. PSC-07-0865-PAA-SU ("PAA Order"), issued October 29, 2007, which approved increased rates and charges for Utilities, Inc. of Sandalhaven ("Sandalhaven"). Placida challenges those portions of the PAA Order addressing and preliminarily approving all components of the preliminarily approved revenue requirements and increased monthly rates,[1] as well as the Commission's proposed increase in Sandalhaven's service availability charges (the new plant capacity charge) from $1,250.00 to $2,628.00. In support of this Petition, Placida states as follows:

IDENTIFICATION OF PARTIES

1. The name and address of the Agency affected and the Agency's file number are:

[1]Without limitation, Placida's challenge to and protest of the Commission's proposed final monthly rates for Sandalhaven include protests to the various parts of the PAA Order addressing the establishment of rate base, including plant in service, accumulated depreciation, additions to plant in service, land, and used and useful determinations, contributions-in-aid-of-construction ("CIAC") and amortization thereof; costs and expenses, including operations and maintenance expenses and adjustments thereto, WSC and UIF allocated expenses; rate case expense, depreciation expense, and taxes; capital structure; and projected revenues.

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Docket No. 060285-SU

2. The name and address of the Applicant who initiated this docket is:

Utilities, Inc. of Sandalhaven
2335 Sanders Road
North Brook, IL 60062

c/o Utilities, Inc. of Florida
200 Weathersfield Court
Altamonte Springs, FL 32714-4099

3. The name and address of the Petitioner is:

Placida HG, LLP
601 Bayshore Boulevard
Suite 650
Tampa, Florida 33606

4. All notices, pleadings, staff recommendations, orders, correspondence and other documents filed or served in this proceeding should be served on the following on behalf of Placida:

Kenneth A. Hoffman, Esquire
Ken@reuphlaw.com
Martin P. McDonnell, Esquire
Marty@reuphlaw.com
J. Stephen Menton, Esquire
smenton@reuphlaw.com
Rutledge, Ecenia, Purnell & Hoffman, P.A.
215 South Monroe Street, Ste. 420
P.O. Box 551
Tallahassee, FL 32302
850-681-6788 (telephone)
850-681-6515 (telecopier)

RECEIPT OF NOTICE OF PROPOSED AGENCY ACTION

5. Placida received notice of the Commission's proposed agency action by receipt of the PAA Order through the United States Mail on or about October 31, 2007.

SUBSTANTIAL INTERESTS

6. Placida is a Florida limited liability partnership authorized to and conducting business

in the State of Florida. Placida is the developer of a 418 unit residential development in Charlotte County. Placida has entered into a Developer's Agreement with Sandalhaven dated September 11, 2006. A copy of the Developer's Agreement is attached hereto as Exhibit A. Pursuant to said Developer's Agreement, Placida agreed to pay and has paid Sandalhaven its currently tariffed service availability charges for the 418 units. Based on Sandalhaven's currently tariffed service availability charge of $1,250.00 per residential Equivalent Residential Connection ("ERC"), Placida paid Sandalhaven a total of $522,500.00 in service availability charges for its 418 units.

7. Under Article IV of the Developer's Agreement, Placida is required to pay Sandalhaven "the Commission approved changes in effect at the time the units are connected to the utility's system." Placida paid Sandalhaven the total of $522,500.00 in service availability charges on or about September 29, 2006. Thereafter, in or about early December 2006, Placida constructed and installed the necessary facilities and completed interconnection with Sandalhaven's wastewater system. On December 28, 2006, after Placida had paid the $522,500.00 in service availability charges to Sandalhaven and connected to Sandalhaven's system, Sandalhaven filed an Amended Application for Increase in Rates requesting an increase in its service availability charges from $1,250.00 to $2,627.50.

8. According to Sandalhaven, the basis for the Amended Application was an agreement that Sandalhaven entered into with Englewood Water District ("EWD"), whereby EWD would provide bulk wastewater treatment and disposal service to Sandalhaven through an interconnection with EWD's existing system. A copy of the Sandalhaven/EWD Bulk Wastewater Agreement dated October 6, 2005 is attached hereto as Exhibit B. Under that agreement, Sandalhaven would be responsible for the design, permitting and construction of the facilities, including the

interconnection, necessary to connect to and operate EWD's wastewater system for the benefit of Sandalhaven's customers. Through its Amended Application, Sandalhaven requested "a change in its service availability fees and charges to enable it to pass-through the costs of the interconnection to the future customers who will be connected after the interconnection is complete."[2] Sandalhaven also emphasized in its Amended Application that the proposed increase in service availability charges was appropriate:

> because the *customers who are served by the interconnection* with (EWD's) facilities should pay for the cost of this service.[3] (Emphasis added).

9. Sandalhaven's decision to enter into the Bulk Wastewater Agreement with EWD was a decision made by Sandalhaven solely (or, at minimum, primarily) for the benefit of Sandalhaven's existing customers. In 2005, faced with the anticipated loss of Sandalhaven's sole means of disposal of its treated effluent from its existing wastewater treatment plant (due to the redevelopment of the Wildflower Golf Course as a residential community), Sandalhaven determined that the only viable way it could stay in business would be to find a new source of effluent treatment and disposal. That new source was EWD. The agreement with EWD dated October 6, 2005 authorized Sandalhaven to utilize 100,000 gallons per day ("GPD") of treatment capacity - - an amount which Sandalhaven determined to be sufficient to replace the capacity of the existing wastewater treatment plant for the purpose of meeting the demand of existing customers. Sandalhaven subsequently secured the right to and paid the plant capacity charges for an additional 200,000 GPD of capacity from EWD to serve potential future customers.

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[2]Sandalhaven's Amended Application for Increase in Rates, at page 2.

[3]Sandalhaven's Amended Application, at page 4.

10. Sandalhaven's Amended Application confirmed Sandalhaven's intention to convert **all customers** (existing and future) from Sandalhaven's existing, on-site wastewater treatment plant to the treatment purchased from EWD. Sandalhaven further stated in its Amended Application that the available treatment capacity purchased from EWD would be 300,000 GPD. Sandalhaven emphasized that "[t]he anticipated developments during 2006 and 2007 plus **existing customers** will utilize all of this capacity." (Emphasis added). Sandalhaven estimated that the costs for the facilities necessary to complete the interconnection and transfer treatment service from the existing wastewater treatment plant to EWD would be $3,076,461.00.[4]

11. On January 16, 2007, Sandalhaven filed a request for authority to charge its proposed revised system capacity charge of $2,627.50 on an interim basis. Placida responded to that request, as well as to the Amended Application, by filing a Petition for Leave to Intervene on January 23, 2007. On February 16, 2007, the Commission issued Order No. PSC-07-0135-PCO-SU granting Placida's Petition for Leave to Intervene. Thereafter, on April 16, 2007, over Placida's objections, the Commission issued Order No. PSC-07-0327-PCO-SU which granted Sandalhaven's request for temporary service availability charges, with any new revenues collected subject to refund with interest.

12. On October 29, 2007, the Commission issued the PAA Order preliminarily approving increased monthly rates and a final plant capacity charge of $2,628.00 per residential ERC for Sandalhaven. Under the PAA Order, Sandalhaven remains authorized to collect increased monthly rates to recover costs associated with the existing wastewater treatment plant which serves existing

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[4]See, Sandalhaven's Amended Application, Exhibit "C", Schedule: SAC No. 1, page 1 of 2, and Exhibit "E".

customers. Sandalhaven also is preliminarily authorized to increase its plant capacity charge to recover the costs for Sandalhaven's interconnection to EWD and for plant capacity capital charges paid by Sandalhaven to EWD as a precondition for the reservation of capacity and the provision of wastewater treatment service from EWD to serve Sandalhaven's existing and future customers. These costs are referred to collectively in the remainder of this Petition as the "costs related to interconnection to EWD." The Commission's proposed agency action would require Placida to pay a plant capacity charge of $2,628.00 for each residential connection to Sandalhaven's wastewater system. If the proposed plant capacity charge stands, Placida would be required to pay an additional $576,004.00 in service availability charges. As such, Placida's substantial interests are affected by the proposed agency action as that term is used in Section 120.569, Florida Statutes, and Rules 25-22.029 and 28-106.201, Florida Administrative Code. For the reasons discussed below, the proposed plant capacity charge is unjust and unreasonable; permits Sandalhaven to double recover for the provision of wastewater treatment service; is not justified as a matter of fact or law; violates applicable Florida appellate court precedent which requires the Commission to make a fair and reasonable allocation of the prudent costs of interconnection to EWD between existing and future customers; and, therefore, should be rejected.

THE PAA ORDER

13. In the PAA Order, the Commission explains that Sandalhaven revised its rate filing in July, 2007 by filing a two-phased rate proposal. The rationale for this approach was that Sandalhaven faces uncertainty with respect to the retirement date for its existing wastewater treatment plant. At the same time, Sandalhaven has moved forward and completed its interconnection with EWD (in April 2007). The PAA Order points out that "the parties and our

Staff recognized that all customers will eventually be served by the interconnection with the EWD."[5]

14. The Commission preliminarily approved the two-phased approach for increases in rates and charges filed by Sandalhaven. Under that approach, it is assumed that Sandalhaven will continue to use its existing wastewater treatment plant for two years at which point all customers will thereafter be served by EWD.

15. Placida maintains that to the extent the costs to complete the interconnection to EWD are demonstrated by Sandalhaven to be reasonable and prudent, such costs should be fairly allocated between existing and future customers. The result of a fair and equitable allocation of these costs would be to substantially reduce the amount of the plant capacity charge imposed on developers, including Placida, and future customers. Indeed, without such an allocation, existing customers will receive a windfall paid for by developers and future customers.

DISPUTED ISSUES OF MATERIAL FACT AND LAW

16. Disputed issues of material fact and law include but are not necessarily limited to:

a. Whether the costs purporting to support the increase in Sandalhaven's plant capacity charge were prudently incurred?

b. Whether the amount of the costs purporting to support the increase in the plant capacity charge are just and reasonable?

c. The facts and circumstances surrounding and the purpose behind Sandalhaven's decision to enter into the Bulk Wastewater Agreement with EWD.

d. Whether existing and future customers will benefit and receive wastewater

[5]PAA Order, at 2-3.

treatment service from EWD?

e. Whether all prudently incurred costs related to interconnection to EWD are required to be fairly, reasonably and equitably allocated between existing and future customers, and, if so, the impacts on Sandalhaven's monthly rates and plant capacity charge as preliminarily approved in the PAA Order?

f. If the Commission determines that it is appropriate to allocate the prudently incurred and reasonable costs related to interconnection to EWD between existing and future customers, what methodology is appropriate for making such allocation and what are the results of such allocation in terms of the impacts on Sandalhaven's monthly rates and plant capacity charge?

g. Whether Sandalhaven should be precluded from recovering any prudently incurred and reasonable costs related to interconnection to EWD until such time as service from EWD is required because the existing wastewater treatment plant has been retired or otherwise lacks sufficient capacity to meet Sandalhaven's peak demands?

h. Whether the proposed plant capacity charge is just and reasonable as required by Section 367.101, Florida Statutes?

i. Whether the proposed plant capacity charge is lawful, in accordance with applicable judicial precedent, and consistent with applicable Commission statutes, rules and orders?

j. Whether, as a matter of fact and law, Placida was connected to Sandalhaven's wastewater treatment system prior to Commission approval

of the new plant capacity charge?

k. Whether Placida is required to pay any increase in the plant capacity charge ultimately approved by the Commission?

ULTIMATE FACTS ALLEGED

17. Sandalhaven's decision to enter into the Bulk Wastewater Agreement with EWD was driven by Sandalhaven's need to find a new source of effluent treatment and disposal for its existing customers. Without EWD, no viable cost effective alternative was available to Sandalhaven to remain in business. The Bulk Wastewater Agreement with EWD allowed Sandalhaven to address the pending loss of its sole source of effluent disposal for its existing customers and subsequently became the source for wastewater treatment and disposal for potential future customers.

18. Any and all increases in monthly rates and the plant capacity charge to recover the costs related to interconnection to EWD should be deferred from recovery until such time as service from EWD is required because the existing wastewater treatment plant has been retired or otherwise lacks sufficient capacity to meet Sandalhaven's peak demands.

19. The proposed plant capacity charge is not just and reasonable. All prudently incurred and just and reasonable costs related to interconnection to EWD directly benefit existing and future customers because existing and future customers will both be served by EWD.

20. Upon retirement of the existing wastewater treatment plant, all reasonable and prudently incurred costs related to interconnection to EWD must be reasonably and equitably allocated between existing and future customers subject to and so long as contributions-in-aid-of-construction levels remain within the guidelines under Rule 25-30.580, Florida Administrative Code.

21. The above approach would insure consistency with applicable Commission rules and the admonition of the Florida Supreme Court in Citizens Advocating Responsible Environmental Solutions, Inc. v. City of Marco Island, 959 So.2d 203, 208 (Fla. 2007) ("City of Marco Island"), where the court held in the case of a municipal utility:

> The cost of new facilities should be borne by new users to the extent new use requires new facilities, but only to that extent. When new facilities must be built in any event, looking only to new users for necessary capital gives old users a windfall at the expense of new users.

22. In the PAA Order, the Commission failed to abide by the City of Marco Island holding. Instead, the Commission relied on inapplicable precedents. For example, the 1992 Mid-County Services, Inc. rate case order referenced on page 46 of the PAA Order did not squarely address whether the costs of a new finite set of facilities for a one system utility that will be used to provide service to both existing and future customers should be allocated between existing and future customers. In addition, the reference to and reliance on testimony of a staff witness from the 1995 Southern States Utilities, Inc. rate case, adopted by the Commission,[6] is easily distinguishable. The 1995 Southern States rate case involved approximately 150 water and wastewater systems with constantly changing and evolving customer bases, customer growth and varying water supply and treatment and wastewater treatment and disposal, as well as reuse, investments across the state. The facts of this case are completely different. Sandalhaven is a one system utility with a finite estimate to build out of 1,382 additional customers. The 900 plus existing customers, together with the future customers, will receive wastewater treatment service from EWD. The 1995 Southern States rate

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[6]See Order No. PSC-96-1320-FOF-WS issued October 30, 1996, in Docket No.950495-WS.

case order is vastly different and should not preclude the Commission from following the dictates of the Supreme Court of Florida in the City of Marco Island decision while still maintaining compliance with Rule 25-30.580(1). Finally, the reliance in the PAA Order on the fact that the proposed plant capacity charge is appropriate because it complies with the maximum 75% CIAC ratio level under Rule 25-30.580(1) side steps the primary issue of whether the relevant costs have been fairly allocated between existing and future beneficiaries while still maintaining compliance with Rule 25-30.580(1).

23. Placida maintains that certain facilities built by Sandalhaven to complete the interconnection with EWD are excessive and over-sized and that costs therefore are not reasonable; that any prudently incurred and reasonable costs related to interconnection to EWD must be fairly allocated between existing and future customers; that any impact on rates and charges arising from the interconnection with EWD should be deferred until the retirement of the existing wastewater treatment plant; and that based on these considerations, the Commission should make appropriate adjustments to the rates and charges set forth in the PAA Order. Placida further maintains that it should not be subject to any increase in the plant capacity charge (above the $1,250.00 per ERC previously paid) because Placida's system was connected to Sandalhaven's system prior to any form of Commission approval of an increased plant capacity charge.

24. Based on the foregoing, Placida maintains that the preliminarily approved monthly rates do not comply with pertinent parts of Chapter 367, Florida Statutes, and that the preliminarily approved plant capacity charge fails to comply with Section 367.101, Florida Statutes, and applicable Florida Supreme Court and other Florida appellate court precedent.

LAWS ENTITLING PETITION TO RELIEF

25. The statutes, rules and case law entitling Placida to relief include but are not limited to the following: Sections 120.569 and 120.57(1), Florida Statutes, which entitle Placida to an administrative hearing for the reasons discussed above; Section 367.081, Florida Statutes, which addresses the establishment of rates; Section 367.101, Florida Statutes, which requires any service availability charges established by the Commission to be "just and reasonable"; and the decisions of the Supreme Court of Florida in Contractors and Builders Association of Pinellas County v. City of Dunedin, 329 So.2d 314 (Fla. 1976) and City of Marco Island, supra, which require a fair allocation of the costs of facilities that benefit existing and future customers between such customers.[7]

REQUEST FOR RELIEF

WHEREFORE, Placida respectfully requests that the Commission conduct an administrative hearing and issue a final order providing:

A. That Sandalhaven's monthly rates and charges be adjusted to defer recovery of any and all prudently incurred and reasonable costs related to interconnection to EWD until such time as service from EWD is required because the existing wastewater treatment plant has been retired or otherwise lacks sufficient capacity to meet Sandalhaven's peak demands;

B. That the final plant capacity charge be decreased and that monthly rates be adjusted, as appropriate, to reflect a fair and reasonable allocation between existing and future customers of the prudently incurred and reasonable costs related to interconnection

[7]See also, City of Cooper City v. PCH Corp., 496 So.2d 843 (Fla. 4th DCA 1986).

to EWD;

C. That the Commission determine that Placida is not subject to any increase in the plant capacity charge above the amount previously paid by Placida to Sandalhaven; and

D. Such other relief as the Commission determines to be just, reasonable and appropriate.

Respectfully submitted,

Kenneth A. Hoffman, Esquire
Martin P. McDonnell, Esquire
J. Stephen Menton, Esquire
Rutledge, Ecenia, Purnell & Hoffman, P.A.
215 South Monroe Street, Ste. 420
P.O. Box 551
Tallahassee, FL 32302
850-681-6788 (telephone)
850-681-6515 (telecopier)

Attorneys for Placida HG, LLP

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by Hand Delivery(*) and U. S. Mail to the following this 19th day of November, 2007:

Martin Friedman, Esq.
Rose, Sundstrom & Bentley
2180 W. State Road 434
Suite 2118
Longwood, FL 32779

Ralph Jaeger, Esq.(*)
Martha Carter Brown, Esq.(*)
Florida Public Service Commission
Office of General Counsel
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Patricia A. Christensen, Esq.(*)
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, Florida 32399-1400

Kenneth A. Hoffman

placida\petitionforadministrativeproceeding.wpd

Utilities, Inc.

2335 S. Sanders Road
Northbrook, Illinois 60062
Phone: (847) 498-6448
Fax: (847) 498-6498

October 5, 2006

Charles Frank
Placida HG, LLC.
601 Bayshore Boulevard
Suite 650
Tampa, FL 33606

Re: Agreement for Wastewater Service Utilities, Inc of Sandalhaven

Dear Charles:

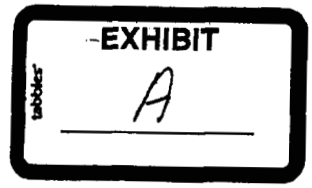
Enclosed, please find one fully executed copy of the above captioned Agreement for your files.

If you have any questions, please give me a call.

Sincerely,

Lisa A. Crossett
Chief Operating Officer

Enclosure



AGREEMENT FOR WASTEWATER SERVICE UTILITIES, INC. OF SANDALHAVEN

This Agreement is entered into this 11 day of September, 2006, by and between PLACIDA HG, LLP, a Florida limited liability partnership (hereinafter referred to as **"Developer"**), and Utilities, Inc. of Sandalhaven, a Florida corporation (hereinafter referred to as **"Utility"**).

WITNESSETH

WHEREAS Developer is the owner of or is duly authorized to act on behalf of the owners of certain real estate in Charlotte County, Florida, hereinafter referred to as **"Property"** and more fully described in **Exhibit 1** attached hereto, and

WHEREAS, Developer is in the process of developing the Property into a residential project consisting of 418 units, hereinafter referred to as "**Development**", and

WHEREAS, Utility is engaged in the business of furnishing wastewater service to the public in its service territory as authorized by its Certificate of Public Convenience and Necessity which encompasses the Property, and

WHEREAS, Developer desires Utility to provide wastewater service within the Property and Utility desires to provide wastewater service to the Property according to the terms and conditions of this Agreement.

WHEREFORE, in consideration of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

ARTICLE I
Representations and Warranties of Developer

Developer represents and warrants:

1. That Developer is the owner of or is duly authorized to act on behalf of the owners of the Property, and;

2. That Developer will cooperate fully with the Utility in any and all applications or petitions to public authorities deemed necessary or desirable by Utility in connection with the construction and installation of the wastewater system contemplated by this Agreement; however, Developer is not prohibited hereby from participating in any proceeding involving Utility for the amendment or establishment of service availability charges for the purpose of opposing or challenging proposed service availability charges that would be applicable to Developer.

3. That Developer will convey to the Utility or provide by recorded subdivision plats such easements or rights of way as the Utility may require for the Utility's performance of its obligations under this Agreement. Any such plats, conveyances or licenses will be in form satisfactory to Utility's legal counsel.

ARTICLE II
Construction and Installation of Collection Facilities by Developer

1. The Developer hereby agrees to construct and install the complete wastewater collection facilities within and throughout the Property (hereinafter referred to as "**On-Site Facilities**"), as well as funding the cost of all necessary off-site interconnection facilities and system upgrades (hereinafter referred to as "**Off-Site Facilities**") reasonably required to provide adequate wastewater service (in accordance with applicable governmental standards) to all dwelling units and facilities to be constructed within the Property. Subject to approval of Utility's engineer, such Off-Site Facilities shall consist of (a) the cost of a tie-in to the wet well; and (b) the cost of construction and installation of a ten-inch line that will interconnect with the Utility's system at a point designated by the Utility.

2. The On-Site Facilities to be constructed by Developer pursuant to Paragraph 1 of this Article II when installed will meet the reasonable needs of the customers within the Property. All plans, specifications and construction shall be in accordance with applicable standards, requirements, rules and regulations and agencies of the State of Florida and respective County authority.

3. All materials used shall be new, first-class, and suitable for the uses made thereof.

4. Developer guarantees all construction, materials, workmanship, and the trouble-free operation of the Facilities for one year after completion of each phase or section.

5. Developer shall save and hold Utility harmless from and against all suits or claims that may be based upon any injury to any person or property that may occur in the course of the performance of the construction of both the On-Site Facilities by Developer or by anyone acting on Developer's behalf, or under Developer's supervision and control, including, but not limited to, claims made by employees of Developer, and Developer shall, at its own cost and expense, pay all costs and other expenses arising therefrom, or incurred in connection therewith, including reasonable attorneys' fees.

6. All of the On-Site Facilities installed by Developer pursuant to this Agreement shall become the property of Utility as installed. Developer shall execute all conveyances, licenses and other documents reasonably requested by Utility as necessary or desirable in its opinion to ensure its ownership of, ready access to, and operation of the On-Site Facilities. Developer shall furnish Utility with lien waivers in a form satisfactory to Utility's counsel from Developer and from all suppliers, subcontractors and all others who furnish labor, equipment, materials, rentals, or who perform any services in connection with the On-Site Facilities construction herein.

7. Developer shall, prior to the transfer to Utility of the On-Site Facilities, grant permanent, assignable easements satisfactory to Utility, authorizing Utility to own, operate and maintain the On-Site Facilities and providing reasonably adequate rights of access and working space for such purposes.

8. Developer shall, upon transfer to Utility of the On-Site Facilities, provide to Utility operating manuals, permits, as-built drawings, and all other information reasonably required to operate, maintain and repair the On-Site Facilities.

ARTICLE III
Capacity Limitations & Planned Expansion

1. Developer acknowledges there is not currently sufficient available capacity at Utility's WWTP to serve the Development on the Property. Utility represents that it has entered into an Agreement

with the Englewood Water District ("EWD") for EWD to treat wastewater from Utility, which includes capacity to serve Developer's Property. The timing for the construction of the collection system facilities that will connect Utility to the EWD WWTP is contingent upon approvals from regulatory and permitting authorities and the acquisition of a master lift station site. Developer acknowledges that Utility makes no representations regarding wastewater treatment capacity availability before the completion of said interconnection with EWD.

ARTICLE IV
Developer Contribution/Connection Fees

1. Developer shall pay Utility in full upon execution of this Agreement, the Commission approved plant capacity charge (herein referred to as "Connection Fees"), totaling $522,500.00 (detailed in Exhibit 2). In addition, Developer will be responsible for the cost of the Facilities as provided for in Article II 1. Developer, upon execution of this Agreement, shall also deposit with Utility pursuant to Rule 25-30.540(2), Florida Administrative Code, Five Thousand Dollars ($5,000.00). Such Connection Fees are subject to change upon approval of the Commission, and Developer shall pay the Commission approved charges in effect at the time units are connected to the Utility's system.

ARTICLE V
Utility Service, Rates and Charges

1. Upon installation of the Facilities and completion of the interconnection by Developer, as well as the interconnection with EWD, Utility agrees to supply all customers within the Property with adequate and customary wastewater service, and to operate, maintain and repair all Facilities as indicated herein, after acceptance by Utility and issuance of operational approvals by all regulatory authorities.
2. RATES. The rates to be charged by Utility for wastewater services to the Development hereafter built on the Property shall be those rates and charges made by Utility to its customers which are from time to time approved by the Florida Public Service Commission, or by any other governmental regulatory body from time to time having jurisdiction over such matters. Moreover,

the service to the Development shall be subject to such other regulations from time to time lawfully imposed on Utility with respect to the operations of its wastewater systems, and except as limited by such regulations, the amounts of utility deposits, billing practices and times, liability for damage to Utility's Property and rate changes shall be exclusively within the discretion and control of Utility as approved by the Florida Public Service Commission.

3. Acceptance by Utility cannot be unreasonably withheld and in any event shall not be withheld if construction of the Facilities meets the applicable standards and requirements of Article II.

ARTICLE VI
General

1. This Agreement is intended to be performed in the State of Florida and shall be governed by the laws of the State of Florida.
2. Except as provided for in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligation hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence such party is unable to prevent or overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.
3. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.

4. Utility agrees to indemnify Developer, its successors and assigns, and hold Developer harmless against any loss, damage, liability, expense or cost accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Utility under this Agreement; Developer agrees to indemnify Utility, its successors and assigns, and hold it and them harmless against any loss, damage, liability, expense or cost of Utility, accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Developer under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Utility by Developer.

5. This Agreement sets forth the complete understanding between Developer and Utility, and any amendments hereto to be effective must be made in writing.

6. Notices and correspondence required hereunder shall be given to Developer and to Utility at the following addresses, or at any other addresses designated in writing by either party subsequent to the date hereof:

If to Utility:

Utilities, Inc. of Sandalhaven
2335 Sanders Road
Northbrook, Illinois 60062
Attn: Lisa Crossett, Chief Operating Officer

If to Developer:

Placida HG, LLP
601 Bayshore Boulevard, Suite 650
Tampa, FL 33606
Attn.: Charles Funk

Delivery when made by registered or certified mail shall be deemed complete upon mailing.

7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8. The Exhibits to this Agreement are a part hereof and are hereby incorporated in full by reference.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the day and year above first written.

UTILITIES, INC. OF SANDALHAVEN

ATTEST: _____

_____
Lisa Crossett, Chief Operating Officer

PLACIDA HG, LLP

ATTEST: Kim Pedersen

BY: Jeff Meeban
Its: Member

Exhibit "A"

A PARCEL OF LAND LYING IN SECTIONS 33 AND 34, TOWNSHIP 41 SOUTH, RANGE 20 EAST, CHARLOTTE COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF SAID SECTION 33; THENCE S 00°22'55" W ALONG THE EAST LINE OF SAID SECTION 33, 2645.50 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF SAID SECTION 33 AND BEING THE POINT OF BEGINNING; THENCE S 00°25'00" W, ALONG THE EAST LINE OF SAID SECTION 33, 43.11 FEET TO THE NORTHEASTERLY RIGHT-OF-WAY LINE OF COUNTY ROAD NO. 775; THENCE, ALONG SAID RIGHT-OF-WAY LINE, THE FOLLOWING CALL: S 28°47'00" E, 491.55 FEET; THENCE LEAVING SAID RIGHT-OF-WAY LINE N 61°13'00" E, 493.71 FEET TO A POINT LYING ON THE ARC OF A CURVE TO THE RIGHT, WHOSE CENTER BEARS N 50°23'27" E, 2456.13 FEET; THENCE, IN A CLOCKWISE DIRECTION ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 2456.13 FEET AND A CENTRAL ANGLE OF 10°49'33", 464.08 FEET TO THE POINT OF TANGENCY; THENCE N 28°47'00" W, 372.22 FEET; THENCE N 61°13'0" E 69.66 FEET TO THE BEGINNING OF A CURVE TO THE LEFT; THENCE, IN A COUNTERCLOCKWISE DIRECTION ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 1000.00 FEET AND A CENTRAL ANGLE OF 86°40'53", 1512.88 FEET; THENCE ALONG A NON-TANGENT LINE TO THE LAST CURVE S 56°58'17" W, 1096.95 FEET TO A POINT LYING ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS S 00°11'21" W, 312.33 FEET; THENCE IN A COUNTERCLOCKWISE DIRECTION ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 312.33 FEET AND A CENTRAL ANGLE OF 28°58'23", 157.94 FEET TO THE POINT OF TANGENCY; THENCE S 61°13'00" W, 272.76 FEET TO THE AFOREMENTIONED NORTHEASTERLY RIGHT-IF-WAY OF SAID COUNTY ROAD 775; THENCE ALONG SAID RIGHT-OF-WAY LINE S 28°47'00" E, 1192.62 FEET; THENCE LEAVING SAID RIGHT-OF-WAY LINE S 89°37'56" E, 24.08 FEET TO THE POINT OF BEGINNING.

Exhibit 2

Connection Fee, Plan Review and Inspection Fee Calculation

Type of Establishment	ERCs	Total
Residential	418	$522,500.00

Wastewater Usage (Residential): 418 ERCs x $1,250 per ERC	$522,500.00
Deposit pursuant to Rule 25-30.540 (2), F.A.C.	$ 5,000.00
TOTAL CONNECTION FEES DUE:	**$527,500.00**

BULK WASTEWATER AGREEMENT

THIS AGREEMENT, made and entered into this 10th day of October, 2005, by and between the Englewood Water District, having its principal place of business at 201 Selma Avenue, Englewood, Sarasota County, Florida 34223 ("DISTRICT") and Utilities, Inc. of Sandalhaven, having its principal place of business at 200 Weatherfield Avenue, Altamonte Springs, Florida 32714 ("UTILITY");

W I T N E S S E T H:

WHEREAS, DISTRICT is an independent special district of the State of Florida with the authority to provide wastewater service within and without its boundaries; pursuant to Chapter 2004-439 Laws of Florida; and

WHEREAS, UTILITY is a Florida for profit corporation with full power and authority to enter into this Agreement, to carry out the transactions contemplated hereunder, and to carry out its obligations hereunder; and

WHEREAS, DISTRICT currently has a 3.0 MGD Water Reclamation Facility with available treatment and disposal capacity; and

WHEREAS, UTILITY desires to obtain 100,000 gallons per day of treatment capacity within DISTRICT'S Water Reclamation Facility and further desires to obtain monthly treatment service as a bulk wastewater customer at the established bulk wastewater treatment rate.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, it is mutually agreed by and between the parties hereto as follows:

1. UTILITY shall pay to DISTRICT treatment plant capital capacity charges in the amount of $752,372.63 for 100,000 GPD of treatment capacity. The treatment plant capital capacity charge shall be due and payable prior to any service being provided. If such sums are not paid to DISTRICT by UTILITY within 180 days from the date of this Agreement, either party may terminate this Agreement.

2. UTILITY shall be responsible for design, permitting (including any required modification of DISTRICT'S operating permit), and construction of any wastewater system(s), including all sewer lines, lift stations, and other facilities and appurtenances (exclusive of providing a bulk wastewater meter) that may be necessary in order to connect to and operate DISTRICT'S wastewater system in accordance with this Agreement.

3. UTILITY shall be responsible to conduct all investigations and testing as may be required in order for UTILITY to connect to DISTRICT'S wastewater system. UTILITY shall be responsible for acquiring all easements and rights of way necessary in order to connect UTILITY'S wastewater system to DISTRICT'S wastewater system at the designated Point of Connection. The Point of Connection of UTILITY'S wastewater system to DISTRICT'S wastewater system shall be designated by DISTRICT in its sole discretion.

EXHIBIT
B

4. UTILITY shall construct all wastewater systems pursuant to the terms of this Agreement and DISTRICT'S standards. UTILITY shall submit all drawings and specifications to DISTRICT for approval prior to submittal to the Department of Environmental Protection.

5. Any portion of the transmission systems constructed by UTILITY pursuant to this Agreement within the geographic boundary of the DISTRICT shall be conveyed with associated easements to DISTRICT after Department of Environment Protection certification of completion and prior to any service being provided by DISTRICT per terms of this Agreement. DISTRICT, at its own expense, shall install an appropriate metering device at a location determined by DISTRICT for the purpose of determining the amount of monthly wastewater service being provided.

6. Upon UTILITY connecting its wastewater system to DISTRICT's wastewater system, DISTRICT shall use reasonable diligence to provide continuously bulk wastewater treatment and disposal services to UTILITY within the purchased capacity established by this Agreement. DISTRICT shall not be liable to UTILITY for any interruption of service. In the event UTILITY desires to divert flow to DISTRICT for limited periods in excess of the capacity established by this Agreement, DISTRICT will make its best efforts to accommodate the excess flow, but does not guarantee the availability of capacity in excess of that provided herein. If the Annual Average Daily Flow (AADF) for any 12 month period exceeds the purchased treatment capacity herein, additional capacity charges will be due and payable to DISTRICT up to the AADF capacity at the applicable rates at the time of purchase if capacity is available in the Water Reclamation Facility.

7. UTILITY shall not discharge or cause to be discharged any waste that may be harmful to DISTRICT'S wastewater systems to include but not limited to: excessive storm water or ground water; wastewater containing toxic, poisonous, pathogenic, explosive or flammable substances; wastewater with a ph lower than 5.5 or higher than 9.5 or a temperature greater than 150 degree Fahrenheit; or other wastewaters that may create a hazard in the received waters of the Water Reclamation Facility. The maximum allowable values for certain materials in, or characteristics of wastewater measured at the point of entry into UTILITY'S collection system shall be governed by standards of the USEPA, FDEP and the Water Pollution Control Federation. DISTRICT reserves the right to refuse waste from any source which may, in the sole judgment of DISTRICT, harm the Water Reclamation Facility or create a hazardous situation. If UTILITY fails to comply with this provision after 90 days' written notice to UTILITY of its violation of this provision, this Agreement may be terminated by DISTRICT.

8. The current DISTRICT Bulk wastewater treatment rate is $7.28 per 1,000 gallons of metered wastewater flow. There is no monthly base charge for availability. The bulk wastewater treatment rate for all bulk customers is subject to change from time to time consistent with DISTRICT Customer Rules and Regulations.

9. UTILITY shall pay DISTRICT'S monthly invoice for bulk wastewater treatment within thirty (30) days after receipt. In the event that payment is not made within thirty (30) days after receipt of the invoice, UTILITY agrees to pay interest at a rate of one and one-half percent (1.5%) per month on the outstanding balance until paid in full.

10. This Agreement shall be governed by and construed in accordance with

the laws of the State of Florida. The parties expressly consent to the jurisdiction of and agree to suit in any court of general jurisdiction in the State of Florida, whether state, local or federal, and further agree that venue shall lie in Charlotte County, Florida.

11. A breach of this Agreement shall mean a material failure to comply with any of the provisions of this Agreement. If any party breaches any obligation herein, then, upon receipt of written notice by the non-breaching party, the breaching party shall proceed diligently and in good faith to take all reasonable actions to cure such breach and shall continue to take all such actions until such breach is cured. If either party breaches this Agreement, the injured party may seek damages or specific performance to the extent allowed by law; however, neither party waives its rights, privileges, or immunities. Notwithstanding the foregoing, DISTRICT shall not be deemed to be in breach of this Agreement for any interruption in service.

12. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the parties at the following addressed:

TO DISTRICT:
Englewood Water District
ATTN: Richard L. Rollo, P.E.
District Administrator
201 Selma Avenue
Englewood, FL 34223

WITH A COPY TO:
Robert Berntsson, Esq.
21175 Olean Boulevard
Port Charlotte, FL 33952

TO UTILITY:

Utilities, Inc, of Sandalhaven
2335 Sanders Road
Northbrook, IL 60062

and

200 Weathersfield Avenue
Altamonte Springs, FL 32714

WITH A COPY TO:

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2180 W. State Road 434, Suite 2118
Longwood, FL 32779

13. The parties may, by notice in writing given to the other, designate any future or different addresses to which the subsequent notices, certificates, or other communications shall be sent. Any such notice shall be deemed given on the date such notice is delivered by hand or by facsimile transmission or five (5) days after the date mailed.

14. No amendment, appendix, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by all parties hereto.

15. In the event that the performance of this Contract is prevented or interrupted in consequence of any cause beyond the control of DISTRICT, including but not limited to, Acts of God or of a public enemy, war, national emergency, allocation of or other governmental restrictions upon the use or availability of labor or materials, rationing, civil insurrection, riot, civil rights disorder or demonstration, strike, embargo, flood, tidal wave, fire, explosion, bomb detonation, nuclear fallout, windstorm, hurricane, earthquake, or other casualty or disaster or catastrophe, unforeseeable failure or breakdown

of pumping transmission or other facilities, and all governmental rules or acts or orders or restrictions or regulation or requirements, acts or action of any government or public or governmental authority or commission or board or agency or agent or official or officer, the enactment of any statute or ordinance or resolution or regulation by governmental entities having jurisdiction, over the operation of DISTRICT or otherwise having valid legal jurisdiction, excluding any acts or rules or regulations adopted by DISTRICT, or rule or ruling or order, order or decree or judgement or restraining order or injunction of any court, said party shall not be liable for such non-performance.

16. It is agreed by and between the parties hereto that all words, terms, and conditions herein contained are to be read in concert, each with the other, and that a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.

17. This Agreement is solely for the benefit of the parties hereto and no other causes of action upon, or hereof, is to or for the benefit of any third party, who or which is not a formal party hereto.

18. The Englewood Water District Customer Rules and Regulations ("Rules"), which are subject to revision from time to time, are incorporated into this Agreement by reference. This Agreement will control should there be any conflict between this Agreement and the Rules. However, any amendments to the Rules shall automatically be incorporated herein.

19. UTILITY agrees to indemnify and hold DISTRICT harmless from and against any and all liabilities, claims, damages, costs, and expenses (including reasonable attorney fees) to which DISTRICT may become subject by reason of or arising out of this Agreement. Nothing herein shall constitute a waiver of sovereign immunity pursuant to state law.

20. This Agreement shall be binding upon and shall inure to the benefit of the successors or assigns of the parties hereto.

21. This Agreement is the entire agreement between the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understanding, negotiations, and discussions of the agreements, understanding, negotiations, and discussions of the parties, whether oral or written, and there are not warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

IN WITNESS WHEREOF, ENGLEWOOD WATER DISTRICT and UTILITIES, INC. OF SANDALHAVEN have caused this Agreement to be duly executed and entered into on the day and year first above written.

(SEAL)

ATTEST:

By: _____
Secretary to the Board

ENGLEWOOD WATER DISTRICT
BOARD OF SUPERVISORS

By: _____
Chairman, Board of Supervisors

Dated: 9/29/2005

By: _____

Print: Jay Rosen

By: _____

Print: Jim Camaren

Its: Chairman & CEO